GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4185
ANSWERED ON:10.04.2003
ONGC PRICING DEAL WITH IOCL
IQBAL AHMED SARADGI

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the ONGC and IOCL have struck a new pricing deal that will raise ONGC`s crude prices with retrospective effect from April 1, 2002; and

(b) if so, to what extent this new pricing deal with enable ONGC to charge a higher price on its premium variety of crude?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b): With the dismantling of APM effective 1st April 2002, the crude oil prices have been deregulated. ONGC has signed a Memorandum of Understanding (MOU) with IOCL for supply of crude oil to IOCL and its subsidiary companies for a period of two years from 1st April 2002. As per the MOU, the crude oil prices will be linked to the prices of marker crude oil, as agreed to by the two companies. Thus, the gains to ONGC would inter alia depend upon the movement in the international prices of marker crude oil.